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June 14, 2005

VIA OVERNIGHT MAIL

The Honorable Lisa Margaret Smith
United States District Court
Southern District of New York
300 Quarropas Street, Room 428
White Plains, New York 10601-4150

     Re:    Leighton Technologies, LLC v. Oberthur Card Systems., S.A.,
              Case No. 04 Civ. 02496 (CM) (LMS)

Dear Magistrate Judge Smith:

Pursuant to your August 20, 2004 Order, we write to the Court to address Oberthur's

refusal to produce any documents or information about its sales or offers to sell smart cards,

made with the alleged infringing processes, to various United States Government agencies. (*See*

Oberthur's press releases attached hereto as "Exhibit 1"). Oberthur refused to produce the

requested information and documents, claiming that such information is immune from discovery

under 28 U.S.C. § 1498 because it is beyond the subject matter jurisdiction of the District Court.

The parties have attempted, but have been unable to informally resolve this dispute.

*The present dispute concerns only the issue of whether Leighton is entitled to discovery*

*about Oberthur's transactions, and the facts underlying Oberthur's Fifth Affirmative Defense,*

which states at paragraph 32 of Oberthur's Answer: "This action is barred in whole or in part by

28 U.S.C. § 1498 (a)." *The dispute does not concern whether or not Oberthur will ultimately*

*prevail or lose on its affirmative defense*.

WO 400123.3
Atlanta     ■     Austin     ■     New York     ■     Tallahassee     ■     Washington, DC

The Honorable Lisa Margaret Smith
June 14, 2005
Page 2

The first paragraph of 28 U.S.C. § 1498 (a) provides that a patent owner's remedy when his invention "is used or manufactured by or for the United States" without authority, is a suit in the United States Court of Federal Claims. However, the second paragraph of § 1498 (a) clarifies that this applies only to use made "with the authorization or consent of the Government." In this case, the issue is whether the United States Government either explicitly or implicitly authorized or consented to the government contractor's alleged infringement. *See, e.g., Windsurfing Int'l, Inc. v. Ostermann,* 534 F. Supp. 581, 588 (S.D.N.Y. 1982) (where the government requirement can be satisfied without an infringement, authorization or consent will not be implied). If the Government did not authorize or consent to the infringing use, then the restrictions of § 1498 (a) do not apply to the alleged infringement. *Id.*

The discovery being denied by Oberthur goes to the heart of whether Oberthur is using the patented processes, with the Government's "authorization and consent." Without this discovery, Leighton will have no way to challenge the legal conclusions in Oberthur's Fifth Affirmative Defense. Leighton, therefore, requests that Oberthur be ordered to produce the requested documents and information, and at a minimum at this time be ordered to immediately produce the relevant Government contracts, sufficient documents to show the processes for the lamination of the smart cards, and sufficient documents to show the number of smart cards made, used, sold, offered for sale or imported for the processes used. This relevant information will allow both parties and the Court to fully assess the validity of Oberthur's purported defense.

Respectfully,

Robert A. Gutkin

WO 400123.3

# EXHIBIT 1

*Oberthur*
Card Systems

The key to an open world

# OBERTHUR WINS FIRST GSA CONTRACT FOR ISSUANCE OF SECURE ID SMART CARDS

## - Contract extends Oberthur's leadership in federal and state ID card programs -

**[Los Angeles, Calif. – June 4, 2004]**  The General Services Administration (GSA) has selected Oberthur Card Systems, one of the leading smart card suppliers in the government market, to manufacture and issue its highly secure identity cards. Oberthur has started to issue the hybrid contact and contactless cards on behalf of the GSA to associates, contractors and visitors to government facilities across the country. This agreement further increases Oberthur's share of public sector ID card programs, which on completion could see cards issued to as many as 28 million government employees. Oberthur already has existing security and access contracts with the Department of Defense, the Department of State, TSA (TWIC) and the U.S. Treasury, among others. The contract was awarded to Oberthur via its partnership with XTec, a leader in secure, interoperable authentication and verifications systems.

With its unique supply chain management expertise, from security printing, to smart card manufacturing and mass issuance, Oberthur is ideally positioned to fulfil the terms of the GSA agreement. The decision to centralize card issuance with Oberthur plays to one of the company's core strengths: Oberthur is the only company in the country capable of secure card issuance on a scale demanded by the U.S. Government. The agreement has the additional advantage of sparing the GSA from the need to invest resources in a specialized area.  The cards are being personalized at Oberthur's Chantilly, VA center, though the company can instantly shift production to the company's other sites in Los Angeles, CA and Naperville, IL if needed.

Because of Oberthur's extensive expertise in security, from printing techniques to FIPS-certified smart card operating systems with strong

cryptographic capabilities, the company was also able to incorporate various anti-counterfeit technologies in the ID cards. The highest levels of authentication are guaranteed by the use of biometric information, including photographs and fingerprints, and by a Personal Information Number (PIN).

"Government systems are best secured by smart ID cards that incorporate advanced biometric and anti-counterfeit technologies, and we are proud to have been selected for a project of this importance," said Thierry Burgess, Oberthur's executive vice-president of sales and marketing..

- ### -

### About Oberthur Card Systems

*With sales of 430.1 million euros in 2003, Oberthur Card Systems is one of the world's leading providers of card-based solutions, software and applications including SIM and multi-application smart cards and services ranging from consulting to personalization.*
*Innovative products, security expertise and high quality services ensure Oberthur's strong positioning in its main target markets.*

- ✓ *Payment: 54% of 2003 revenues. The company is the world leader and number one supplier of Visa and MasterCard payment cards.*
- ✓ *Mobile Communications: 33% of 2003 revenues, with open and interoperable solutions based on Java™ technology.*
- ✓ *Identity: strong positions in ID projects throughout the world.*
- ✓ *Multimedia: leading position in the Pay-TV market with an end-to-end expertise in the value chain, from software development to manufacturing and personalization*
- ✓ *Transit: focus on the high-end segment with a micro-processor based offer*

*Close to its customers, Oberthur Card Systems benefits from an industrial and commercial presence across all five continents. Listed on the Euronext Stock Exchange (ISIN: FR0000124133) since July 2000, Oberthur Card Systems is a subsidiary of the François-Charles Oberthur Group.*

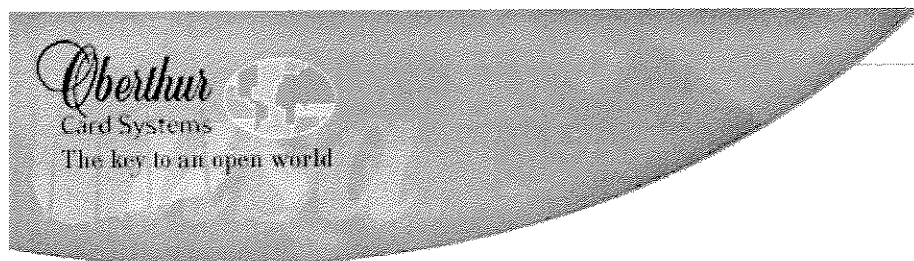*For more information, visit www.oberthurusa.com and www.oberthurcs.com*

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## PRESS RELEASES

Archives

**Oberthur Card Systems Launches ID-One, a Line of Advanced ID Solutions for Governments**

**Los Angeles - November13, 2003**

Reinforcing its position on the fast growing Government smart card market, Oberthur Card Systems launches ID-One, a line of products and services dedicated to the ID market, which represents 50 million cards in 2003 and is expected to reach more than 200 million micro-processor cards and passport by 2006.

The ID-One offer has been specifically designed to meet the increasing demand by Governments for high security ID documents. The offer encompasses smart cards, e-passports and associated personalization and issuance solutions.

The ID-One offer is aimed at providing Governments with highly secure standard-based solutions for identity and travel documents including visas and electronic passports as well as other types of applications such as e-government, health, drivers licenses and car registration or community services. This answers the growing need to better control border access, induced by the September 11th events, and to offer new services to citizens.

With this offer, Oberthur Card Systems, a François Charles Oberthur group company, has combined its unique expertise in secure chip card applications development and smart card issuance with its strong heritage in high security printing technologies for government.

In addition to the chip-based solutions ranging from 16K to 64K of memory and certified according to highest level of international standards (FIPS and Common Criteria), the ID-One offer comes as a ready to integrate offer with full match-on-card biometrics and standard Application Programming Interfaces dedicated to application developers and system integrators.

Additionally, Oberthur Card Systems also offers Governments personalization and issuance program management solutions for both smart cards and e-passports.
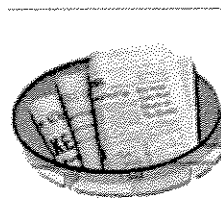
"In the wake of September 11th 2001, security issues have suddenly been propelled into the spotlight as never before. In addition to the need to strengthen security, Governments are making significant moves to reduce costs and improve the quality of service to their citizens. With its ID-One offering and its unique expertise in secure printing, smart card operating systems and associated personalization and issuance services, Oberthur Card Systems will assist Government to better meet their goals", stated Youzek Kurp, Government & Security Marketing Manager.

-###-

**About Oberthur Card Systems**

With sales of 440.2 million euros in 2002, Oberthur Card Systems is one of the world's leading providers of card-based solutions, software and applications including SIM and multi-application smart cards and services ranging from consulting to personalization.
Innovative products, security expertise and high quality services ensure Oberthur's strong positioning in its three main target markets.

- Payment: 54% of 2002 revenues. The company is the world leader and number one supplier for Visa and MasterCard.
- Mobile Communications: 29% of 2002 revenues, with open and interoperable solutions based on Java™ technology.
- Authentication and Network Security: emerging markets in which the company plays a pioneering role, with strong expertise in security and a dominant position in e-commerce and Pay-TV.

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Close to its customers, Oberthur Card Systems benefits from an industrial and commercial presence across all five continents. Listed on the Euronext Stock Exchange (ISIN: FR0000124133) since July 2000, Oberthur Card Systems is a subsidiary of the François-Charles Oberthur Group.

For more information, visit www.oberthurusa.com and www.oberthurcs.com.

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## Oberthur positions itself for e-passports, Common Access Card programs

Tuesday, August 3 2004

Oberthur Card Systems' recent NIST certification of its 64K dual interface smart card will allow the company to favorably compete for electronic passport production as well as possibly participate in the next phase of the United States Department of Defense's Common Access Card project.

### Oberthur Card Systems Receives First FIPS 140-2 LEVEL 3 Certification for Dual Interface Contact and Contactless 64K Smart Cards

LOS ANGELES--Oberthur Card Systems, a leading issuer of smart cards in the United States, has announced that its ID-One 64K dual interface contact and contactless (ISO 14443) smart card is the first of its type to receive the U.S. government's FIPS 140-2 Level 3 certification, positioning it for use in the next phase of the Department of Defense's (DoD) Common Access Card (CAC) program.

The certification, which is awarded by the National Institute of Standards and Technology (NIST), also allows Oberthur Card Systems to compete globally for e-passport contracts. These machine-readable passports -- which contain a contactless smart card chip that is compliant with new International Civil Aviation Authority (ICAO) specifications and is used to store biometric information -- have been mandated by the Department of Homeland Security's U.S. Visitor and Immigrant Status Indicator Technology (US-VISIT) program and by the Department of State's latest e-passport Request For Proposal.

Oberthur Card Systems card solution brings the smart card industry's latest standards to the government arena for the first time. The card also is fully compliant with the GSC-IS 2.1 specification, a standard that will help to ensure interoperability across government agencies and departments.

Oberthur Card Systems' ID-One solution makes available all 64K for customer-specified applications and biometric information such as facial, iris or fingerprint records. Contactless ID smart card solutions increase the speed and ease with which authorized personnel can access secure virtual and physical environments. In

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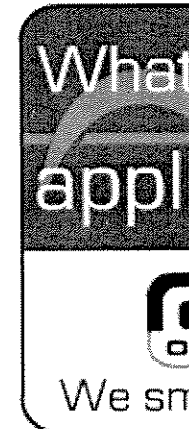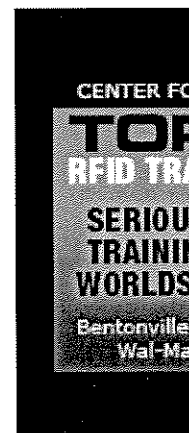
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addition to identification and authentication, ID-One's large available storage capacity and processing power allow it to serve multiple purposes including the digital signing and encryption of emails, or for storing data such as important medical information.

Oberthur Card Systems has already issued significant quantities of 32K smart cards for ID and security to the Defense Manpower Data Center (DMDC) -- which administers the DoD's CAC program -- the U.S. Department of State, the U.S. Army, the U.S. Department of Treasury, the Transportation Security Administration (TSA) and the General Services Administration (GSA).

The U.S. government is making smart cards an integral part of its drive to secure its information systems and physical facilities, issuing them to as many as 40 million individuals, according to the Interior Department. To provide secure products on a scale demanded by the U.S. government, cards can be issued out of any of Oberthur Card Systems' three personalization facilities in the United States: Los Angeles, Naperville, IL and Chantilly, VA, with each site serving as an instant backup to the others if required.

As the subsidiary of the Francois-Charles Oberthur Group, a world leader in the issuance of traditional and chip-enabled passports who has designed and manufactured passport and ID documents for over 50 countries, as well as the world's third largest banknote printer, Oberthur Card Systems is the only company in the world that can combine secure passport issuance with high-capacity, high-security and FIPS-approved contact and contactless microprocessors.

### About Oberthur Card Systems

With sales of 430.1 million Euros in 2003, Oberthur Card Systems is one of the world's leading providers of card-based solutions, software and applications including SIM and multi-application smart cards as well as services ranging from consulting to personalization. Oberthur Card Systems is a subsidiary of the Francois-Charles Oberthur Group. For more information, visit www.oberthurcs.com or www.oberthurusa.com.

## Comments

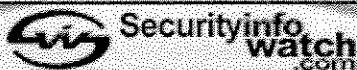Visit the other Avisian publications: CR80 News, RFID News and SecureID News.

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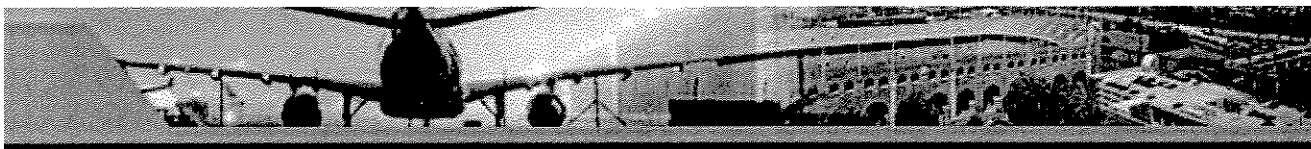powered by Google    Search    Site

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**Updated:** April 14th, 2005 05:35 PM EDT

### Oberthur Card Systems Smart Card Solution to Meet FIPS Compliancy
System is designed to provide the U.S. government market with complete ID verification technology

*Oberthur*

Oberthur Card Systems, one of the leading smart card suppliers in the government market, is demonstrating its Homeland Security Presidential Directive 12 (HSPD-12) compliant ID smart card solution, TotalIDOne, at CTST. The system will ensure government agencies are compliant with the HSPD-12, which requires a common identity and credentialing standard for physical and logical access for all federal employees and contractors.

"TotalIDOne is an off-the-shelf solution created as a result of the successful ID program we designed for the General Services Administration," said Philippe Tartavull, president and CEO of Oberthur Card Systems American division. "The system is compliant with all U.S. government standards making it a cost-effective and proven solution for other U.S. government agencies as well as contractors that must be compliant with HSPD-12 by October 2005 in order to do business with the government."

In addition to the manufacturing and personalization services that are critical to TotalIDOne, Oberthur Card Systems provides carrier attachment, PIN activation services, and back-up personalization facilities that are ISO 9000 compliant. All Oberthur Card Systems smart card products for Government markets including the latest FIPS 140-2 Level 3 certified ID-One Cosmo, a dual interface contactless card with 64K of memory include a Personal Identify

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Verification (PIV) compliant application.

Oberthur Card Systems is steadily increasing its share of the public sector ID card programs, which include security and access contracts with a number of U.S. Government agencies such as the U.S. Department of Defense, The Department of State, TSA and the U.S. Treasury.

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